

Top Secret 219

(Security Classification) 25X

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NATIONAL INTELLIGENCE DAILY CABLE

Wednesday 9 November 1977

CG NIDC 77/260C

NATIONAL SECURITY INFORMATION

Unauthorized Disclosure Subject to Criminal Sanctions

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National Intelligence Daily Cable for Wednesday, 9 November 1977.

The NID Cable is for the purpose of informing senior US officials.

CONTENTS

25X1

PORTUGAL: Dos Santos' Resignation Page 1

NIGERIA: African Attitudes Page 2

NICARAGUA: Talks With Opposition Page 4

ARGENTINA: Problems With Labor Page 5

25X1

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PORTUGAL: Dos Santos' Resignation

25X1 [redacted] //General Loureiro dos Santos resigned on Monday as vice chief of Portugal's General Staff after his bid for greater autonomy within the military command failed. The move at least temporarily reduces dos Santos' political importance and should relieve the anxiety of colleagues who distrusted him because of his contacts with leftists in the military and political parties. Dos Santos' decision does not appear to be related to the reassignments of military commands announced last weekend.//

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25X1 [redacted] Dos Santos [redacted]
25X1 [redacted] was rumored to have his eye on Eanes' position as head of the General Staff. Dos Santos has tried to appeal to both the right and the left in an effort to establish his own power base. He has, however, been more successful in establishing leftist credentials, which may be a factor in his problems with the chiefs of staff. [redacted]

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25X1 [redacted] Along with other resignations, Dos Santos' departure leaves Eanes free to proceed with planned changes in both the military hierarchy and his personal staff. Changes in the military commands in northern Portugal and the Azores are part of a reorganization process that will continue for some time.

25X1 [redacted] The government may face a problem from former Social Democratic chief Sa Carneiro, who resigned his party post effective yesterday to protest the party leaders' decision to seek a political agreement with the Socialists. The party's political committee, whose conciliatory position toward the Socialists prompted Sa Carneiro's action, has now disbanded and left party affairs to the National Council.

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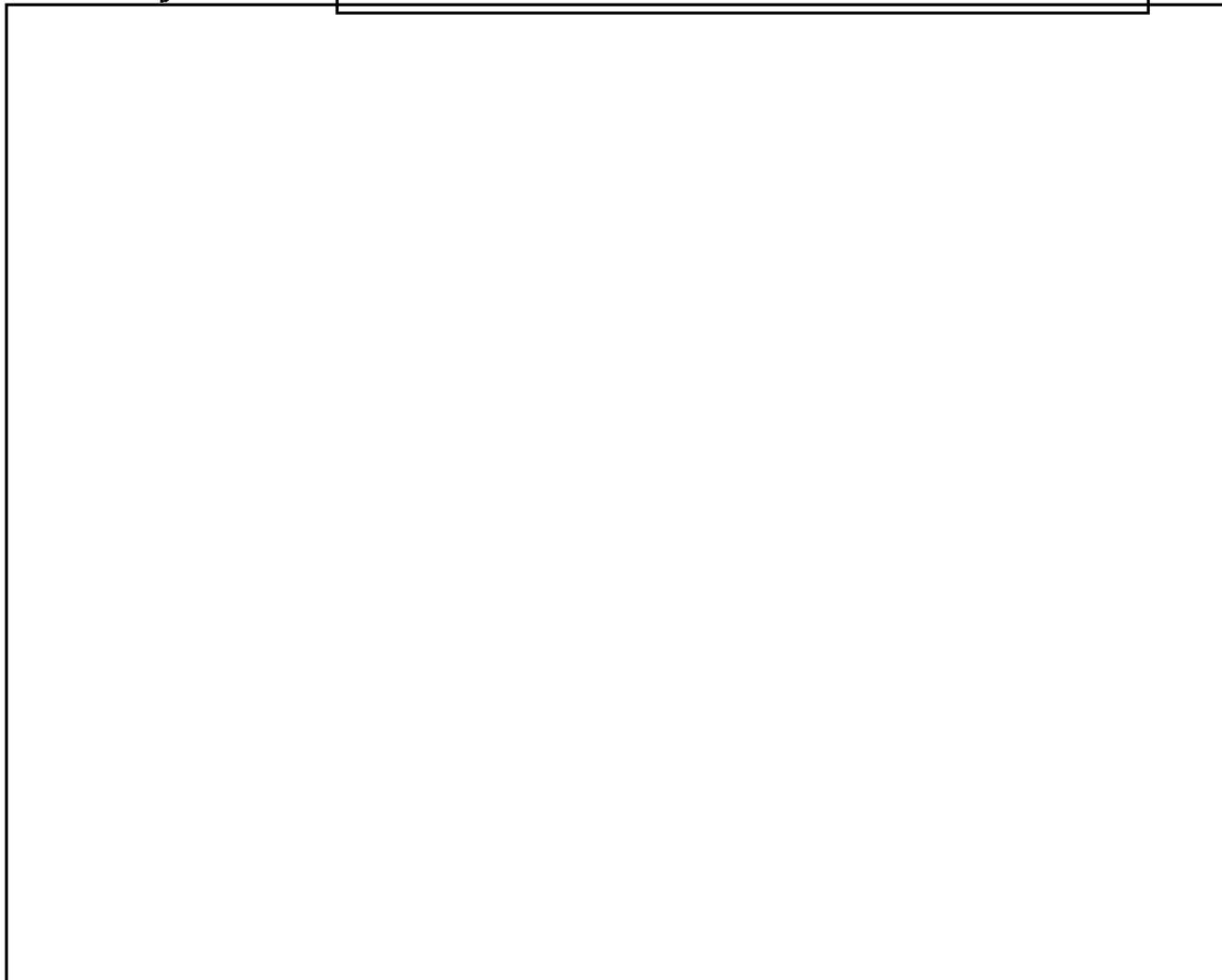
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[redacted] The National Council will probably call for a party congress when it meets Thursday. Sa Carneiro is probably banking on a repetition of the 1975 Party Congress, when he walked out during a dispute only to be called back and given an overwhelming mandate. [redacted]

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NIGERIA: African Attitudes

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[redacted] *The controversy that surrounded Nigeria's recent successful campaign to win a seat on the UN Security Council demonstrated the ambivalent attitudes most African countries have*

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about Lagos' attempts to play a stronger leadership role in Africa. Nigeria is by far the most populous and the wealthiest black African country, and the one with the largest military establishment. These attributes generate respect--but also resentment and even fear--elsewhere in black Africa. Many African states, jealous of their own sovereign prerogatives, will resist Nigeria's efforts to act as the spokesman for Africa.

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[] The Organization of African Unity selected Nigeria's French-speaking neighbor to the north, the Republic of Niger, as its candidate for one of the African seats on the UN Security Council this term. Nigeria contested the OAU decision and, after a bruising struggle, won the seat itself. Nigeria's aggressive behavior was upsetting to a number of African states, especially the French-speaking ones.

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[] To many Africans, Nigeria lacks the qualities needed in a spokesman for the continent. Nigeria's internal political and social problems tarnish the country's image, although the government's recent moves toward restoring civilian government are viewed as encouraging signs in some neighboring countries.

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[] Nigeria's Head of State Obasanjo is generally well regarded by the Africans. He made a favorable impression at the antiapartheid conference in Lagos earlier this year and gave the impression of being an able and responsible leader at the OAU summit in July. Still, General Obasanjo is a relative newcomer to the African scene and not in the same league as Africa's widely respected elder statesmen like Tanzania's Nyerere and Zambia's Kaunda.

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[] In West Africa, where Nigeria's influence is felt most directly, the relationship is often characterized by the same kind of strains that accompany relations between rich and poor states in other parts of the world. Liberian President Tolbert, for instance, probably sees Nigeria as a threat to his country's close historical relationship with the US.

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[] Nigeria played a leading role in the creation of the Economic Community of West African States, but many of the 14 other members are critical of Nigeria for not being more generous in its aid programs.

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25X1 [] A number of countries in western Africa and elsewhere on the continent are disappointed that Nigeria, a leading member of the Organization of Petroleum Exporting Countries, has been unwilling to intercede with OPEC on their behalf or to sell them oil at concessionary rates.

25X1 [] The French-speaking states in Africa have long regarded Nigerians as unsophisticated and arrogant. Zaire, the major French-speaking state in central Africa, considers Nigeria a rival for leadership in Africa and fears Nigeria will displace Zaire as the special friend of the US in Africa.

25X1 [] The front-line states in southern Africa are pleased that Nigeria is taking an active interest in the drive for majority rule in the area. These countries are primarily interested, however, in Nigeria's economic and military aid; they do not want Nigeria to encroach on their leadership in the liberation movement.

25X1 [] The states of North Africa, which are focusing more on the Arab-Israeli struggle, have had Nigerian diplomatic support since the 1973 Middle East war. The North African states, however, think Nigeria, because of its own large Muslim population, should be an even more active supporter of the Arab cause. The North Africans resent Nigerian criticism that the Arabs have not extended as much moral support to the southern African liberation struggle as the black Africans have to the Arab cause in the Middle East. []

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NICARAGUA: Talks With Opposition

25X1 [] *Nicaraguan President Somoza now appears willing to undertake a "national dialogue" with his political opponents, but many obstacles still stand in the way. Somoza could reduce opposition to his regime--and assure his hold on power--through such discussions.*

25X1 [] Opposition politicians, businessmen, labor leaders, and church officials issued a call for a "national dialogue" to solve the nation's problems, following the recent resurgence of guerrilla activity. Although Somoza initially said that such

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a dialogue could not be held in the tense atmosphere, he subsequently stated that he was open to discussions. Somoza also said, however, that the guerrillas would be allowed to participate only if they put down their arms.

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[] //The government believes that it is dealing from a position of strength and that it has the necessary support to dictate the timing of any discussions--or if they are held at all. It also believes--probably accurately--that it can keep the opposition in line by continuing to distribute political, business, and financial favors.//

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[] //Most critics of the government have too much to lose by engaging in strong opposition. Somoza has many critics, but the opposition is not united and that major weakness will hinder an effective dialogue if one is eventually held.//

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[] If Somoza can bring himself to open discussions, he could neutralize most opponents at little expense by instituting some much-needed electoral reform--mainly, by allowing parties other than the two traditional ones to participate in municipal elections next year. This might even undercut the renewed guerrilla efforts; many have turned to violence because they see no avenue open to them within the present political system. //Somoza, however, is likely to face a more unified opposition and stronger pressures on his regime if he chooses to make only cosmetic changes.// []

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ARGENTINA: Problems With Labor

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[] *The Argentine Government appears to have weathered last week's widespread labor unrest in public sector industries. Most striking workers returned to their jobs over the weekend after the government promised wage talks and threatened harsh anti-strike measures. The manner in which the government settled the dispute opens the way for further unrest that would test the military regime's authority and its determination to continue strict austerity measures.*

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[] The apparently spontaneous strikes--which spread rapidly to transportation, port, maritime, and power workers in Buenos Aires and nearby areas--stemmed from a continuing

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decline in real wages. In its effort to control the most serious labor crisis since the military took over in 1976, the government extended to state enterprises the 40-percent "wage flexibility" policy that it had granted to private firms last month. Previously, public sector workers have not shared in unsanctioned pay increases given by private employers to fend off worker dissatisfaction.

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[] A number of state companies have already announced wage increases within the new guidelines, but the workers reportedly are dissatisfied with the pay hikes; many workers were demanding increases of up to 100 percent. For the moment, however, most workers apparently have succumbed to the threats of dismissal and to the argument that no wage increases would be effective until after employees returned to work.

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[] Labor's continuing dissatisfaction places the government in a precarious position. Any increases in wages create pressures from other workers for similar treatment and thus jeopardizes the administration's policy of limiting salary boosts--a key part of its effort to reduce inflation.

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[] Minister of Economy Martinez de Hoz warned last week that the government would make no further concessions. The military regime has stringent emergency legislation on the books, but a strong assertion of authority would exacerbate the delicate labor situation as well as harm Argentina's international reputation.

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[] President Videla may now have to contend with an upsurge in illegal countersubversive activity by hardliners within the security forces, who may decide to take matters into their own hands. Although the administration has evinced a desire to stop violations of human rights, it is not strictly enforcing measures to halt excesses.

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[] A further complication is the recent increase in leftist terrorism in Buenos Aires. One of the main goals of the Montoneros organization has been to infiltrate the labor unions, and the group is apparently trying to increase its identification with the workers by conducting acts of violence and sabotage.

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[redacted] Videla's military rivals--especially junta member and navy chief Admiral Massera--may try to use the government's current problems to undercut the President's position. Some hard-line military officers are already grumbling that Videla should have anticipated the labor problems and taken preventive measures. [redacted]

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